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*Counsel for the Official Committee of Equity Security Holders of
USA Capital First Trust Deed Fund, LLC*

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:)	BK-S-06-10725-LBR
USA COMMERCIAL MORTGAGE COMPANY)	Chapter 11
Debtor)	
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In re:)	BK-S-06-10726-LBR
USA CAPITAL REALTY ADVISORS, LLC,)	Chapter 11
Debtor)	
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In re:)	BK-S-06-10727-LBR
USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,)	Chapter 11
Debtor)	
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In re:)	BK-S-06-10728-LBR
USA CAPITAL FIRST TRUST DEED FUND, LLC,)	Chapter 11
Debtor.)	
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In re:)	BK-S-06-10729-LBR
USA SECURITIES, LLC,)	Chapter 11
Debtor.)	

Affects)	
<input type="checkbox"/> All Debtors)	
<input checked="" type="checkbox"/> USA Commercial Mortgage Co.)	Date: October 19, 2006
<input type="checkbox"/> USA Securities, LLC)	Time: 9:30 a.m.
<input type="checkbox"/> USA Capital Realty Advisors, LLC)	
<input type="checkbox"/> USA Capital Diversified Trust Deed)	
<input checked="" type="checkbox"/> USA First Trust Deed Fund, LLC)	

**RESPONSE OF THE OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS OF
USA CAPITAL FIRST TRUST DEED FUND, LLC TO DEBTOR'S MOTION FOR ORDER
APPROVING RETENTION PLAN OF DEBTOR'S REMAINING EMPLOYEES (AFFECTS
USA COMMERCIAL MORTGAGE COMPANY AND USA CAPITAL FIRST TRUST DEED
FUND, LLC)**

1 The Official Committee of Equity Security Holders of USA Capital First Trust Deed
 2 Fund, LLC (the "FTDF Committee") appointed in the above-captioned bankruptcy cases (the
 3 "Chapter 11 Cases"), hereby responds to the Debtor's Motion (the "Motion") for Order
 4 Approving Retention Plan of Debtor's Remaining Employees (the "Response").

5
 6 This Response is made and based on the pleadings, papers and records on file in the
 7 Chapter 11 Cases, and any evidence and oral argument to be presented at the time of the
 8 hearing on the Motion.

9 DATED this 6TH day of October, 2006.

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24 **POINTS AND AUTHORITIES**

25 On October 4, 2006, USA Commercial Mortgage Company ("Debtor") filed a Motion
 26 for Order Approving Retention Plan for Debtor's Remaining Employees.

27 In the Motion, Debtor represented that it is currently operating with a skeleton staff of
 28 11 employees, all of whom are necessary to Debtor's continuing business operations.

1 Debtor further represented that the 11 remaining employees require a Retention Plan
2 as an incentive to remain with Debtor. Debtor also asserted that, given the circumstances of
3 the bankruptcy case, the cost of funding the Retention Plan proposed by Debtor would be less
4 than the cost of hiring replacement personnel were Debtor's remaining employees to resign.

5
6 Debtor's proposed Retention Plan calls for the payment of approximately \$136,000 in
7 bonus payments, \$170,000 in severance payments, and \$37,000 for medical benefits.

8 In light of the circumstances of the bankruptcy case, the FTDF Committee has no
9 objection to Debtor's Retention Plan so long as such the Retention Plan is funded by the
10 Debtor's estate, and not by USA Capital First Trust Deed Fund, LLC (the "FTDF").
11

12 **CONCLUSION**

13 For the reasons stated above, the FTDF Committee does not oppose Debtor's Motion
14 so long as Debtor does not seek to fund its Retention Plan from funds belonging to the FTDF.

15 DATED this 6th day of October, 2006.

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